

**NEW APPLICATION
ORIGINAL**
BEFORE THE ARIZONA CORPORATION COMMISSION



0000102290

Arizona Corporation Commission

DOCKETED

COMMISSIONERS
KRISTIN K. MAYES - CHAIRMAN
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

2009 SEP -2 P 4: 17

SEP -2 2009

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DOCKETED BY

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E-01049A-09-0420

**IN THE MATTER OF THE APPLICATION OF
MORENCI WATER & ELECTRIC COMPANY
FOR AN ADJUSTMENT IN ITS PURCHASED
POWER AND FUEL ADJUSTMENT CLAUSE
RATE ("PPFAC")**

Docket No. E-01049A-09-_____

APPLICATION

Morenci Water & Electric Company ("MWE"), through undersigned counsel, respectfully requests that the Commission authorize and approve a temporary adjustment to MWE's Purchased Power and Fuel Adjustment Clause ("PPFAC") rate in order to address the current over-collected bank balance. In support of this application, MWE states:

1. MWE is an Arizona public service corporation certificated by the Commission to provide electric and water service to customers in various portions of Greenlee County, Arizona. MWE services approximately 2,000 electric customers.

2. In Decision No. 68438 (February 2, 2006), the Commission ordered that the PPFAC over-collected threshold level is \$200,000 and the under-collected threshold level is \$500,000. In that Decision, the Commission also ordered MWE to file an application to establish a new PPFAC rate either two months before the month the bank balance is projected by the Company to reach zero, or by December 31, 2006, whichever occurs first.

3. Pursuant to Decision No. 68438, MWE filed an application in Docket No. E-01049A-06-0219 to reset its PPFAC rate. In Decision No. 68813 (June 29, 2006), the Commission approved a PPFAC rate of (\$0.019) per kWh, which remains MWE's PPFAC rate today.

4. Over the past two months, due to reduced gas prices and resulting reduced wholesale power prices, MWE's bank balance has quickly exceeded the over-collected threshold

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1 of \$200,000. Therefore, pursuant to Decision No. 68438, MWE submits this Application to
2 address the over-collected bank balance.

3 5. Attached as Exhibit A, and incorporated herein by reference, are schedules
4 detailing the PPFAC bank balance levels and the development of a temporary adjustment to
5 MWE's PPFAC rate. MWE proposes that the PPFAC be temporarily set at (\$0.025) per kWh for
6 the calendar year 2010. The new rate would take effect January 1, 2010 and revert to the current
7 PPFAC rate of (\$0.019) per kWh on January 1, 2011.

8 6. Based on its current estimate of power costs, MWE believes that this approach will
9 reduce the over-collected balance relatively quickly and then returning the PPFAC rate to (\$0.019)
10 should avoid any further significant over or under-collection of the PPFAC bank balance.

11 WHEREFORE, MWE respectfully submits that the Application be granted and that an
12 order establishing a temporary PPFAC rate for MWE be approved effective January 1, 2010.

13 RESPECTFULLY SUBMITTED this 2^d day of September, 2009.

14 MORENCI WATER & ELECTRIC COMPANY

15 By 

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21 Attorneys for Morenci Water & Electric
22 Company

23 Original and 13 copies filed
24 this 2nd day of September, 2009, with:

25 Docket Control
26 ARIZONA CORPORATION COMMISSION
27 1200 West Washington Street
Phoenix, Arizona 85007

1 Copies of the foregoing hand-deliver/mailed
2 this 2nd day of September, 2009 to:

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EXHIBIT

"A"

SUMMARY

SUMMARY

Present PPFA Rate		2009	2010	2011
1	Beginning Bank Balance - Under (Over)	\$20,374	(\$356,585)	(\$256,080)
2A	Jurisdictional Sales	28,640,647	28,640,647	28,640,647
2B	Total Sales(incl Spec Cont)	1,149,032,158	970,167,912	1,000,002,734
2C	Special Contract Sales	1,120,391,511	941,527,265	971,362,087
3	Actual Cost of Purchased Power	\$48,572,930	\$57,127,177	\$59,705,122
4	Unit Cost of Purchased Power	0.042273	0.05884	0.059705
5	Authorized Base Cost of Pur. Pow: Per Decision	0.07522	0.07522	0.07522
6	No 57712 Dated 10/10/85			
	Supplemental PPFA per Decision No. 61298 Dated 12/98	(\$0.01900)	(\$0.01900)	(\$0.01900)
7	Total Rate Collected From Customer	\$0.05622	\$0.05622	\$0.05622
8	Incremental Difference between authorized and actual recovery:	(\$0.01395)	\$0.00266	\$0.00348
9	Net change to Bank balance:	(\$376,960)	\$100,505	\$122,841
10	Adjustments to Bank Balance	\$0	\$0	\$0
11	Preapproved DSM costs	\$0	\$0	\$0
12	Ending Bank Balance:	(\$356,586)	(\$256,080)	(\$133,239)
Proposed PPFA Rate		2009	2010	2011
	Beginning Bank Balance - Under (Over)	\$20,374	(\$356,585)	(\$84,238)
	Jurisdictional Sales	28,640,647	28,640,647	28,640,647
	Total Sales(incl Spec Cont)	1,149,032,158	970,167,912	1,000,002,734
	Special Contract Sales	1,120,391,511	941,527,265	971,362,087
	Actual Cost of Purchased Power	\$48,572,930	\$57,127,177	\$59,705,122
	Unit Cost of Purchased Power	0.042273	\$0.05888	\$0.05970
	Authorized Base Cost of Pur. Pow: Per Decision	\$0.07522	\$0.07522	\$0.07522
	No 57712 Dated 10/10/85			
	Proposed PPFA Rate Per kWh	(\$0.01900)	(\$0.02500)	(\$0.01900)
	Total Rate Collected From Customer	\$0.05622	\$0.05022	\$0.05622
	Incremental Difference between authorized and actual recovery:	(\$0.01395)	\$0.00866	\$0.00348
	Net change to Bank balance:	(\$376,960)	\$272,349	\$122,841
	Adjustments to Bank Balance	\$0	\$0	\$0
	Preapproved DSM costs	\$0	\$0	\$0
	Ending Bank Balance:	(\$356,586)	(\$84,236)	\$38,603

PRESENT PPFAC

BANK BALANCE

	Ending Bank Balance from Previous Month
1 Jurisdictional Sales	
2A Total Sales/(and Soco Cont)	
3 Special Contract Sales (Industrial KWH)	
3C Actual Cost of Purchased Power	
4 Unit Cost of Purchased Power	
5 Authorized Base Cost of Pur. Power Per Decis	
6 Authorized Purchased Power Adjuster Per D	
6A Fundamental PPFA per Decision No. 67676	
7 Total Rate Collected From Customer	
8 Incremental Differences between authorized and	
9 Net change to Bank balance:	
10 Adjustments to Bank balance:	
11 Preauthorized DSM costs	
12 Ending Bank Balance:	

[illegible]

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
1 Ending Bank Balance from Previous Month	(356,495)	(368,186)	(367,200)	(368,579)	(368,420)	(367,923)	(371,582)	(378,153)	(382,153)	(386,330)	(386,141)	(386,728)	
2 Actual Bank Statement	2,235,481	2,270,337	2,273,770	2,176,834	1,916,999	2,266,257	2,301,569	2,301,569	2,299,002	2,244,606	2,202,149	2,114,108	(356,586)
3 Bank Statement Error	82,853,428	75,485,917	73,424,368	73,424,368	81,901,107	82,995,961	82,995,961	82,995,961	82,995,961	82,995,961	82,995,961	82,995,961	
4 Special Contract (Excluding W&H)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	
5 Actual Cost of Purchased Power	4,274,032	4,274,032	4,274,032	4,274,032	4,274,032	4,274,032	4,274,032	4,274,032	4,274,032	4,274,032	4,274,032	4,274,032	
6 Unit Cost of Purchased Power	0.09503533	0.09503533	0.09503533	0.09503533	0.09503533	0.09503533	0.09503533	0.09503533	0.09503533	0.09503533	0.09503533	0.09503533	
7 Authorized Base Cost of Pur. Pow Per Decision No 57712	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	
8 Authorized Purchased Power Adjusted Per Decision No 61258 Dated 12/98	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	
9 Supplemental PPA's per Decision No. 67676 dated 3/05	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
10 Total Base Collected From Customers	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	
11 Incremental Difference between authorized and actual recovery:	(0.056169)	0.000415	(0.000607)	0.000360	(0.000366)	0.017025	0.016637	0.016113	0.016113	0.000077	0.000695	0.003964	
12 Net change to Bank Balance:	(11,601)	996	(1,379)	159	(702)	1,198	51,041	53,729	4,923	189	1,413	548	100,505
13 Additions to Bank Balance:	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Presupposed DSM costs	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Ending Bank Balance:	(498,186)	(367,200)	(368,579)	(368,420)	(368,121)	(371,582)	(378,153)	(382,153)	(386,330)	(386,141)	(386,728)	(386,940)	

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
1	Ending Bank Balance from Previous Month	(256,080)	(256,526)	(252,209)	(251,701)	(248,119)	(240,059)	(234,756)	(230,577)	(226,800)	(223,494)	(220,338)	(256,080)
2	Interdepartmental Sales	2,285,591	2,285,591	2,285,591	2,285,591	2,285,591	2,285,591	2,285,591	2,285,591	2,285,591	2,285,591	2,285,591	28,640,547
3	Total Sales/Prod Spec Cont	83,320,378	83,320,378	83,320,378	83,320,378	83,320,378	83,320,378	83,320,378	83,320,378	83,320,378	83,320,378	83,320,378	1,000,002,734
4	Special Contract Sales (Institutional MWH)	80,946,841	80,946,841	80,946,841	80,946,841	80,946,841	80,946,841	80,946,841	80,946,841	80,946,841	80,946,841	80,946,841	971,362,228
5	Actual Cost of Purchased Power	4,897,180	4,897,180	4,897,180	4,897,180	4,897,180	4,897,180	4,897,180	4,897,180	4,897,180	4,897,180	4,897,180	58,765,129
6	Unit Cost of Purchased Power	0.056448188	0.056448188	0.056448188	0.056448188	0.056448188	0.056448188	0.056448188	0.056448188	0.056448188	0.056448188	0.056448188	0.056448188
7	Authorized Base Cost of Pur. Pow. Per Decision No 57712	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522
8	Authorized Purchased Power Adjuster: Per Decision No 61288 Dated 12/98	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
9	Supplemental PPFPA per Decision No. 67676 dated 3/05	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
10	Total PPFPA Collected From Customer	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622
11	Incremental Difference between authorized and actual recovery:	0.000348	0.000348	0.000348	0.000348	0.000348	0.000348	0.000348	0.000348	0.000348	0.000348	0.000348	0.000348
12	Net change to Bank balance:	54,84	3,318.91	905.37	1,692.50	880.24	3,188.95	53,879.18	5,124.57	257.59	1,535.91	698.17	122,841
13	Adjustments to Bank Balance:	0	0	0	0	0	0	0	0	0	0	0	0
14	Preapproved DSM costs:	0	0	0	0	0	0	0	0	0	0	0	0
15	Ending Bank Balance:	(256,080)	(252,209)	(251,701)	(248,119)	(240,059)	(234,756)	(230,577)	(226,800)	(223,494)	(220,338)	(217,236)	(133,298)

PROPOSED PPFAC

BANK BALANCE

[illegible]

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
1	(336,585)	(334,773)	(339,546)	(327,283)	(316,523)	(305,711)	(290,915)	(221,865)	(148,989)	(126,226)	(111,357)	(97,571)	(358,585)
2	2,235,361	2,273,537	2,273,770	1,766,934	1,918,999	2,266,257	3,001,569	3,191,156	2,960,002	2,446,805	2,062,149	2,114,186	28,040,647
3	82,856,428	75,952,911	82,254,818	79,324,368	71,900,107	79,823,194	62,586,934	82,788,530	80,163,628	82,043,977	79,233,725	81,711,558	970,167,912
4	80,620,867	73,092,374	79,981,108	77,597,534	79,981,108	77,597,534	79,597,372	79,597,372	77,173,628	79,597,372	77,173,628	79,597,372	941,527,262
5	3,218,225	4,274,037	4,574,469	4,466,742	4,574,469	4,529,918	6,048,217	6,048,217	4,636,117	4,618,853	4,508,943	4,618,853	57,127,177
6	0,053,107	0,058,633	0,058,633	0,058,633	0,058,633	0,058,633	0,058,633	0,058,633	0,058,633	0,058,633	0,058,633	0,058,633	0,058,633
7	0,022,205	0,022,205	0,022,205	0,022,205	0,022,205	0,022,205	0,022,205	0,022,205	0,022,205	0,022,205	0,022,205	0,022,205	0,022,205
8	0,052,205	0,052,205	0,052,205	0,052,205	0,052,205	0,052,205	0,052,205	0,052,205	0,052,205	0,052,205	0,052,205	0,052,205	0,052,205
9	1,812	15,227	12,263	10,760	10,812	14,796	59,050	72,876	22,763	14,869	13,786	13,333	272,349
10	0	0	0	0	0	0	0	0	0	0	0	0	0
11	0	0	0	0	0	0	0	0	0	0	0	0	0
12	(354,773)	(339,546)	(327,283)	(316,523)	(305,711)	(290,915)	(221,865)	(148,989)	(126,226)	(111,357)	(97,571)	(84,238)	(84,238)

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
1 Ending Bank Balance from Previous Month	(80,238)	(83,683)	(80,364)	(79,859)	(78,167)	(77,277)	(74,088)	(22,914)	30,985	36,090	35,348	37,904	(84,238)
2A Jurisdictional Sales	2,235,561	2,373,537	2,273,770	1,766,834	1,918,989	2,266,257	3,001,589	3,191,158	2,980,002	2,446,605	2,062,149	2,114,186	28,640,647
2B Total Sales-related Spec Cont)	83,182,402	83,320,378	83,220,611	82,713,675	82,965,840	83,213,098	83,948,430	84,137,989	83,936,843	83,393,446	83,008,990	83,061,027	#####
2C Special Contract Sales (Industrial kWh)	80,946,841	80,946,841	80,946,841	80,946,841	80,946,841	80,946,841	80,946,841	80,946,841	80,946,841	80,946,841	80,946,841	80,946,841	971,382,087
3 Actual Cost of Purchased Power	4,697,160	4,800,778	4,697,160	4,729,396	4,697,160	4,795,353	6,150,816	6,150,816	4,862,789	4,697,160	4,729,396	4,697,160	59,705,122
4 Unit Cost of Purchased Power	0.056468188	0.057618295	0.056442262	0.05717927	0.056883907	0.057627144	0.073268978	0.073103897	0.057933903	0.056325284	0.056974509	0.056550704	0.059705
5 Authorized Base Cost of Pur. Pow: Per	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522	0.07522
6 Decision No 57712 Dated 10/10/85	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)	(0.01900)
7 Authorized Purchased Power Adjuster: Per	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
8A Decision No 61298 Dated 12/98	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
9 Supplemental PPFA Per Decision No. 67676 dated 3/05	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622	0.05622
10 Total Rate Collected From Customer	0.000248	0.001398	0.000222	0.000958	0.000464	0.001407	0.017049	0.018884	0.001714	0.000105	0.000755	0.000331	0.003485
11 Incremental Difference between authorized and actual recovery:	554.84	3,318.91	505.37	1,692.50	890.24	3,168.95	51,174.02	53,878.18	5,124.57	257.59	1,555.91	698.17	122,841
9 Net change to Bank balance.	0	0	0	0	0	0	0	0	0	0	0	0	-
10 Adjustments to Bank Balance	0	0	0	0	0	0	0	0	0	0	0	0	-
11 Preapproved DSM costs	0	0	0	0	0	0	0	0	0	0	0	0	-
12 Ending Bank Balance:	(83,683)	(80,364)	(79,859)	(78,167)	(77,277)	(74,088)	(22,914)	30,985	36,090	36,348	37,904	38,603	38,603